

# **THE LEONARD LETTER**

*March 13, 2006*

## **QUOTE OF THE WEEK**

*“Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.” --- The Bill of Rights, First Amendment to the U.S. Constitution*

### **\*\*\*Reviewing Our Rights\*\*\***

According to the AP last week, “Americans apparently know more about ‘The Simpsons’ than they do about the First Amendment. Only one in four Americans can name more than one of the five freedoms guaranteed by the First Amendment (freedom of speech, religion, press, assembly and petition for redress of grievances.) But more than half can name at least two members of the cartoon family, according to a survey. The study by the new McCormick Tribune Freedom Museum found that 22 percent of Americans could name all five Simpson family members, compared with just one in 1,000 people who could name all five First Amendment freedoms.” If you suspect someone in your household knows more about Homer than our Bill of Rights, please share the Quote of the Week for the next several issues with them and announce that there will be a test.

## **UNDER THE DOME**

### **\*\*\*Legislature Has Fewer New Bills for Second Half\*\*\***

As of the official deadline last month for introducing new legislation in the second half of this two year session, the Assembly has 1,271 new bills to consider vs. a total of 1,777 introduced in the first year of the session. The Senate has 735 new bills vs. 1,115 introduced last year. Bills introduced by committees are not subject to the introduction deadline.

### **\*\*\*Two-thirds is More than Half\*\*\***

The aborted bond deal of last weekend is a prime example in how the legislature counts numbers. The majority party is the majority because they hold more than half the seats. For almost all of the body's rules and practices, it is winner takes all. None of the touchy-feely, everyone's-a-winner mentality here. The only place where it is okay to discriminate against a minority is against the minority party in a legislature or a Congress. This is where the rub comes in. Our California Constitutional drafters decided

that certain decisions were so important that a consensus of an extra-ordinary majority was necessary before going forward. The state cannot spend money, raise taxes, or go into debt without two-thirds of the legislature agreeing to the proposal. For as long as I can remember, the majority party cannot accept this. They have tried every scheme to go around the Constitution, but they are almost always caught.

Friday night the Senate leadership brought just TWO copies of the \$47 billion bond bill to the Senate floor. These leaders (all Democrats) told their allies that the bill contained all of their priorities. These leaders told the minority party that if they opposed the bill they would be accused of shameful behavior and would be blamed for future levee failures and other disasters. With only two physical copies available, it is obvious that no one read the bill. It is also obvious that the debate did not focus on the merits of the text of the bill but on the process that the minority party was not engaged in writing this bill. The debate ended. The vote was counted, and the bill received a majority vote, and it died.

The two-thirds vote requirement demands that virtually every legislator be involved in the writing of these important bills. This is the only way ever achieve consensus. The sooner the majority party leadership figures out how to count to two-thirds the sooner we the people will have real leadership on these important issues.

### **\*\*\*When to Say No\*\*\***

When I first came to the legislature in 1978, a veteran Assemblyman (Richard Hayden, for those with long memories) told me that the toughest decision for a politician is deciding when to leave. Now with term limits that challenge is mostly gone, but every now and again we see it. I commend Congressman Bill Thomas for going out on top. Under the arcane rules of the House Republicans his leadership on the Ways and Means Committee is over so his choice was to start a new assignment or leave as the one who put forth the President's tax cuts of the last six years.

Likewise, I commend Senator Roy Ashburn for his decision to stick with his State Senate leadership tenure and run for re-election instead of making the jump into what would be a nasty Congressional primary fight. And his classy announcement of his endorsement for Assemblyman Kevin McCarthy for that Congressional seat is virtually unheard of in intra-party primary fights.

Then there is Congressman Elton Gallegly who filed for re-election and then days later decided he did not want to serve anymore. His inept attempt to withdraw from the race giving no notice to his district or to would-be-successors sullied his reputation. This is not how to cap off a political career.

## **AROUND THE STATE**

### **\*\*\*BoE Revising Tax Gap Down on Census Data\*\*\***

Board of Equalization research staff has concluded from a Census Bureau survey that previous data on uncollected Use Tax revenue has overstated the annual revenue loss from remote sales by about \$41 million per year. Thus, the so-called “tax gap” was never as large as policy makers have been led to believe.

Many out-of-state retailers are not required to register with the BoE and do not collect taxes on remote sales from California customers. However, the Census Bureau study that was completed in late 2005 as part of a five-year study shows that the vast majority of remote sales --76 percent -- were made with businesses that employ more than 500 employees. Firms of this size are much more likely to have a California presence and be registered with the Board. BoE research indicates that 78 percent of remote sales by larger companies and 64 percent of all remote sales are done with companies that are registered with the Board. The latter figure is up from 60 percent from 1997.

The Census Bureau is scheduled to release more details in May 2006.

### **\*\*\*Make More Money!\*\*\***

Last week Italy’s Prime Minister, Silvio Berlusconi, was asked by a television reporter what his government could do to help Italians making only 1,500 euros (about \$1,793) a month. His response was: “The answer of Berlusconi the businessman is, try to earn more.” Berlusconi then related how he earned the money he used to build his media business by working at the local market and gathering paper in the streets, rolling it into balls and reselling it to people who would use it to light their stoves.

A smart, hard working businessman like Berlusconi is fortunate he is not a California resident. More and more California politicians believe the solution to any problem is to tax the “wealthy.” That is the proposal for funding “universal preschool” and Phil Angelides, the state treasurer who is running for the Democrat nomination for Governor, mentioned this week that he wants to tax the rich to pay for more high school counselors to encourage students to go to college and for lower tuitions at state colleges and universities. Voters have already approved a surtax on our state’s highest income earners to fund services to the mentally ill. Before we hop on board more soak-the-rich schemes, consider a few facts:

- California already charges high-income taxpayers more than any other state in the nation.
- Less than 10% of the personal income tax returns filed in California account for nearly 75% of PIT revenues.
- The last time we hiked rates on the highest incomes, it was estimated that \$1.2 billion could be raised. In reality, only half of that came in. It seems that people do make rational decisions based on tax laws and rates. Ask any of the well-compensated professional athletes who have chosen to establish their residences in Florida or Nevada.

### **\*\*\*He Might As Well Be Speaking Italian\*\*\***

On the subject of Angelides' plan to tax the rich so that public college tuition can be lowered: I disagree on the policy front, but I also question the political logic. In his new commercial, Angelides spends about one-third of the time explaining why the tuition hikes were bad. Then he makes his case for rolling them back. If you have to spend that much time putting your "hot button" issue in context, then you have already lost the rhetorical battle. Candidates running on a "secure the borders" platform do not have to explain why illegal immigration is bad. Candidates advocating for the death penalty for murderers do not spend one-third of their time detailing why the severest of punishments is necessary. I do not doubt that Angelides sincerely supports lower tuition and wants more people to be able to attend college, but in California's current political climate, that is simply not the issue that will motivate voters to join his camp.

## **MISCELLANY**

### **\*\*\*California County History\*\*\***

The Second District of the Board of Equalization, which I represent, covers 34 of California's 58 counties. Three of those (Los Angeles, San Bernardino and Santa Barbara) are split between other BOE districts, but the rest are all mine. When I mention some of the counties I represent on the other end of the state, I am often met with confused looks. California is so big that many people do not know what's on the other end of it. Beginning this week, I will offer a brief history of each county in my district. To see a map of the state and located each county, go to <http://www.csac.counties.org/default.asp?id=108>

Alpine County is California's smallest by population. In the 2000 Census, it had just 1,208 residents. Alpine County was formed in 1864 and derived its name refers to the Alps since the terrain looks similar to that European mountain range. Alpine County is located in the Sierra Nevada, between Lake Tahoe and Yosemite National Park. The county seat is the town of Markleeville. Markleeville was named for Jacob Marklee who, in 1862, staked his claim on 160 acres of what he thought was Douglas County, Nevada, but which a survey later determined to be California. The year before, Marklee built a toll bridge over a tributary of the Carson River during the silver mining boom. A town named after him on his land served miners on their way to the Comstock Lode. While Marklee had planned to prosper from the mining boom, he lost life in a gunfight in 1863.

### **\*\*\*A Good Read\*\*\***

A recent popular best seller, Michael Crichton's "State of Fear," was remarkable for the author's challenges of commonly accepted scientific "facts" like global warming. Many readers were surprised by the scientific evidence he offered that demonstrated that there may not be so much to worry about in the media frenzy about global warming. For those who enjoy learning the science that the mainstream media does not cover, I recommend

“The Politically Incorrect Guide to Science” by Tom Bethell. Bethell takes on Darwin, the genome project and AIDS. He explains why DDT, radiation and nuclear power are not the evils we are lead to believe. He also offers several suggestions for books “you’re not supposed to read.” Bethell explains, “One reason that science has become so politicized is that the federal government has transformed itself from a government of limited and specified powers to an all-purpose caring agency.... Science hopped on board. If the discovery of emergencies and crises entitled you to a share of federal largesse, scientists could play that game....A problem is discerned, or invented, the government steps in, and then the problem seems to grow more serious even as more attention it paid to it. That suits many of the scientists just fine.” This book will open your eyes about many “facts” you have simply accepted and challenge you to question the next bit of science you encounter.

## **BOE AND LEGISLATIVE DATES**

**March 10, 2006** --- Last day to run in Declarations of Candidacy and nomination papers for candidates running in the June 6<sup>th</sup> primary.

**March 28-29, 2006** --- BOE meets in Sacramento.

**April 6, 2006** --- Legislature begins spring recess upon adjournment.

**April 17, 2006** --- Legislature reconvenes from spring recess.

**April 18, 2006** --- BOE meets in Sacramento.

**April 28, 2006** --- First day to file petitions in-lieu of the filing fee for independent candidates for the general election.

**May 8, 2006** --- Absentee ballots begin to drop for the June 2006 primary election.

**May 17, 2006** --- BOE meets in Sacramento.

## **NOTABLE DATES/ HISTORY**

**March 13, 1868** --- The impeachment trial of President Andrew Johnson began. Johnson was the first United States president to be impeached.

**March 13, 1928** --- 450 people died when California’s St Francis Dam burst flooding San Francisquito Creek then hitting the Santa Clara River valley.

**March 14, 1743** --- The first town meeting was held at Faneuil Hall in Boston, Massachusetts.

**March 14, 1900** --- The United States Congress passed legislation transferring all U.S. currency to the gold standard.

**March 14, 1870** --- The California legislature approved an act creating Golden Gate Park.

**March 15, 44 B.C.** --- The Ides of March. Gaius Julius Caesar, dictator of Rome, was stabbed to death in the Roman Senate by 60 conspirators led by Marcus Junius Brutus and Gaius Cassius Longinus.

**March 15, 1916** --- A United States expedition under the command of General John J. Pershing was sent into Mexico to pursue the Mexican revolutionary Francisco “Pancho” Villa.

**March 16, 1966** --- United States Gemini 8 astronauts Neil Armstrong and David Scott achieved the first link-up of a crewed spacecraft with another object, an Agena rocket.

**March 16, 1968** --- United States soldiers massacred hundreds of men, women, and children at the village of My Lai, South Vietnam.

**March 17, 0432** --- St Patrick, later a bishop, was carried off to Ireland as a slave.

**March 17, 1753** --- The first official St Patrick's Day.

**March 17, 1766** --- Britain repealed the Stamp Act.

**March 17, 1884** --- John Joseph Montgomery made the first glider flight (Otay, CA).

**March 17 1919** --- Nat "King" Cole was born.

**March 18, 1818** --- Congress approved the first pensions for government service.

**March 18, 1870** --- The first U.S. National Wildlife Preserve was created (Lake Merritt in Oakland, CA).

**March 19, 1920** --- The U.S. Senate rejected the Treaty of Versailles for the second time, thereby refusing to ratify the covenant of the League of Nations and maintaining America's isolationist policy.

**March 19, 2003** --- United States forces invaded Iraq.

## **GENERAL TAX INFORMATION**

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115  
TDD service for the hearing impaired  
TDD phones: 800-735-2929

Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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